



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS AIR FORCE MATERIEL COMMAND  
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

LUKRA/NELO  
JUNE 8  
CC: FRANKIN  
LINDA

BF 9.95

06 DEC 1994

MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFMC/PK  
4375 Chidlaw Road, Suite 6  
Wright-Patterson AFB OH 45433-5006

SUBJECT: Cost or Pricing Data and Changes to AFMC FAR Supplement 5315.215-9009

1. The attached memorandum from SAF/AQC emphasizes current policy that data collected to support cost realism, referred to as cost documentation, is not cost or pricing data and need not be certified (Atch 1). Therefore, a SF 1411 is not required when cost documentation, instead of cost and pricing data, is requested. The attached revision to AFMC FAR Supplement provision 5315.215-9009 clarifies this change (Atch 2). Use of the revised provision is effective immediately. Please ensure this change is distributed widely.
2. There are a number of changes related to the use of the SF 1411, definitions of adequate price competition and commercial pricing under consideration at the DOD level. The change to 5315.215-9009 will not conflict with changes under consideration. We will keep everyone informed on the status of the other changes as they occur. File this letter immediately following provision 5315.215-9009 in the AFMC FAR Supplement pending incorporation in the next AFMC Acquisition Circular.
3. The point of contact for this matter is Mr. Virgil Hertling, HQ AFMC/PKF, at DSN 787-6861.

Linda G. Williams  
LINDA G. WILLIAMS  
Acting Deputy  
Director of Contracting

Attachments:

1. SAF/AQC Memo, 10 Jun 94 w/Atch
2. AFMC FAR Supplement 5315.215-9009(a)

Atch 95-2B (FAR 15) Post to FAR 15,804  
DFARS 215.804, AFFARS  
5315.804, AFMCFARS 5315-804-6(a) (1)  
and 5352.215-9009 by circling the  
references and noting in the margin:  
"70-41, atch 95-2B". Then file this  
atch behind the sups to FAR 15.

PK	OPR	OCR	INFO
PKP			
PKX			
PKO			
PK-(3)			
LBN			
LFR			
LJR			
LFR			
LBN			
LUR			
LVR			
LYK			
LZR			

Other

DATE IN: 8 Dec 94  
DATE OUT: 13 Dec 94

DEPARTMENT OF THE AIR FORCE  
WASHINGTON DCAFM  
PK

170 JUN 1994



OFFICE OF THE ASSISTANT SECRETARY

## MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING)

FROM: SAF/AQC  
1060 Air Force Pentagon  
Washington DC 20330-1060

SUBJECT: Cost or Pricing Data

The attached memorandum from the Director, Defense Procurement (DDP) is forwarded for dissemination to all contracting personnel. The memorandum reiterates current policy but also clarifies that contractor information obtained to support cost realism analyses, referred to as cost documentation, is not cost or pricing data and certification should not be required. Accordingly, use of the Standard Form (SF) 1411 is not required when information is requested to support cost realism analyses. The amount of cost documentation requested, as well as its format, should be tailored to the individual contract action.

It is impossible to issue guidance that would cover every contracting situation. As we increase implementation of commercial practices, knowledge of the market and good business judgment will be key elements in successful acquisitions. In those situations where competition is expected or actually exists, automatic use of techniques and tools, such as the SF 1411, is not acceptable. Contracting officers must perform an assessment of each solicitation sufficient to ensure that contractors are required to submit only the documentation or data appropriate to the action.

IFA L KEND  
Associate Deputy Assistant  
Secretary (Contracting)  
Assistant Secretary (Acquisition)

Atch 95-2B (FAR 15)  
Attachment:  
DDP Memorandum, 28 Apr 94

Atch 1

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000ACQUISITION AND  
TECHNOLOGY

APR 28 1994

DP/CPF

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION POLICY, INTEGRITY, AND  
ACCOUNTABILITY, ASN (RD&A)/API&A  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING), SAF/AQC  
DIRECTOR, PROCUREMENT POLICY, ASA(RD&A)/SARD-PP  
DEPUTY DIRECTOR (ACQUISITION), DEFENSE LOGISTICS  
AGENCY

SUBJECT: Cost or Pricing Data

One of the most frequently heard and long-standing complaints about the procurement process is that contracting officers ask for the submission and certification of cost or pricing data when such data are not required. This practice wastes government and contractor resources. Clearly, contracting officers must become more knowledgeable about and comfortable with alternative methods of establishing price reasonableness so that over-reliance on cost analysis techniques can be avoided. The purpose of this memorandum is to discourage contracting officers from obtaining cost or pricing data unless the data are clearly required or necessary.

Actions Under \$500,000: Cost or pricing data generally should not be obtained for actions falling below \$500,000. Contracting officers should instead use price analysis techniques to the maximum extent possible to determine price reasonableness. When the contracting officer cannot determine price reasonableness by using price analysis techniques, cost documentation may be obtained from an offeror in order to perform a cost analysis; however, the contracting officer shall request only that data which are necessary to determine a reasonable price. A contracting officer may require the submission of cost or pricing data for actions falling below \$500,000 only if a written finding is made that such data are necessary for the evaluation of the reasonableness of contract price, and the finding is approved at a level above the contracting officer (see FAR 15.804-2(a)(3)).

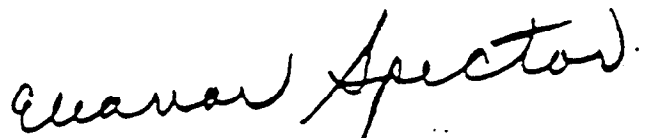
Cost Realism Analysis: When cost or pricing data are not required because adequate price competition is expected, but cost



documentation is needed to determine the cost realism of competing offers, such documentation may be obtained. Cost documentation requirements should be tailored so that only necessary data are requested (see DFARS 215.805-70). Contracting officers should not require contractors to certify cost documentation, and cost or pricing data should not be requested.

Adequate Price Competition: Cost or pricing data should not be requested when adequate price competition is expected. Adequate price competition can exist even when price is a secondary factor in the evaluation of proposals as long as price is a substantial evaluation factor (see DFARS 215.804-3(b)(1)). Cost documentation may be obtained if necessary to ensure cost realism.

I ask that you devote special attention during solicitation reviews and performance management reviews to ensuring cost or pricing data requirements are imposed only when necessary. Please note that different requirements may apply when contracting for commercial items in accordance with the procedures set forth in DFARS Subpart 211.70.



Eleanor R. Spector  
Director, Defense Procurement

L422

## Current Language:

5352.215-9009 Submission of Certified Cost or Pricing Data.

As prescribed in 5315.804-6(a) insert the following provision in Section L of solicitations substantially as written:

## SUBMISSION OF CERTIFIED COST OR PRICING DATA (JUL 1992)

(a) In is anticipated that pricing of this action will be based on adequate price competition; therefore, offerors are not required to submit certified cost or pricing data. However, if after receipt of proposals it is determined that adequate price competition does not exist, certified cost or pricing data (see FAR 15.804-4) will be required. ~~FAR 15.804-6(b) requires the use of a Standard Form 1411 for the submission of the offer and any supporting data is required only if, whether or not certification is required.~~

## Revised Language:

5352.215-9009 Submission of Certified Cost or Pricing Data.

As prescribed in 5315.804-6(a) insert the following provision in Section L of solicitations substantially as written:

## SUBMISSION OF CERTIFIED COST OR PRICING DATA (OCT 1994)

(a) In is anticipated that pricing of this action will be based on adequate price competition; therefore, offerors are not required to submit certified cost or pricing data. However, if after receipt of proposals it is determined that adequate price competition does not exist, certified cost or pricing data (see FAR 15.804-4) will be required. Use of a Standard Form 1411 for the submission of the offer and any supporting data is required only if certification is required.

Hertling/PKF/DSN 787-6861/11 Oct 94

Athc 2